



H.Res. 500 - Expressing the sense of the House of Representatives in opposition to efforts by major natural gas exporting countries to establish a cartel or other mechanism to manipulate the supply of natural gas to the world market for the purpose of setting an arbitrary and nonmarket price or as an instrument of political pressure

Floor Situation

H.Res. 500 is being considered on the House floor under suspension of the rules and will require a two-thirds majority vote for passage. This legislation was introduced by Representative Ileana Ros-Lehtinen (R-FL) on June 20, 2007. The Committee on Foreign Affairs agreed to seek consideration of the bill under suspension of the rules.

H.Res. 500 is expected to be considered on the House floor on July 11, 2007.

Summary

H.Res. 500 resolves that it is the sense of the House of Representatives that:

- The United States should make clear to the governments of major natural gas exporting countries that it regards efforts to establish a cartel or other mechanism to manipulate the supply of natural gas to the world market for the purpose of setting an arbitrary and nonmarket price, or as an instrument of political pressure, to be an unfriendly act prejudicial to the security of the United States and of the world as a whole;
- The United States should develop a joint strategy with its allies and all countries that are importers of natural gas, as well as with cooperative exporting countries, to prevent the establishment of a cartel or other mechanism of this type, including by diversifying sources and alternative means of access by exporters and importers to international markets, such as by pipeline; and
- In order to mitigate potential economic and other threats to our security, the United States should work with our allies to reduce our dependence on natural gas and to increase and promote the utilization of clean energy sources.

Background

The United States currently is largely self-sufficient in natural gas but is projected to greatly increase its usage over time, which could create a growing dependence on world supply. The cost of natural gas has approximately tripled since 2000 and has had a

significant negative impact on United States manufacturers and on employment in manufacturing.

In 2004 alone the rising cost of natural gas was responsible for the closure of scores of chemical companies in the United States and the loss of over 100,000 jobs. Chemicals, plastics, and advanced composite materials are used extensively for military and commercial applications and are crucial components of the United States defense industrial base, which is the foundation of United States national security.

On January 29, 2007, Iranian Supreme Leader Ayatollah Khamenei proposed that Russia and Iran cooperate to establish a cartel for natural gas, which has been termed a “gas OPEC.” Russian President Putin has expressed great interest in the formation of a cartel of this type. Venezuelan President Hugo Chavez has declared his strong support for the proposed cartel and described it as an expansion of his efforts to establish a similar cartel in the Western Hemisphere. Iranian officials have made clear their interest in using this “gas OPEC” as an instrument for political purposes.

Cost

The Congressional Budget Office has not scored this legislation.

Staff Contact

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